

MIDDLE EAST

Summary Information

MIDDLE EAST

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Israel	Tel Aviv Stock Exchange.	1997: 20,000 Option Contracts; Negligible Futures Trading.	1997: 6,253,975 options and futures contracts.	TA-25 index options, foreign currency options, foreign currency futures.

Israel

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1997 GDP (US\$)	\$98,500,000,000
1997 GDP Percentage Increase (US\$)	3.4%
1997 GDP Percentage Increase (NIS)	1.9% (real)
1997 GDP per capita (US\$)	\$16,900
1997 Consumer Price Index Increase	7%
1997 Balance of Trade Surplus/Deficit	(\$631,500,000)
1997 Total External Debt	\$18,800,000,000 (net)
Total External Debt/GDP	19.1%
Market Data	
1997 Stock market capitalization (US\$)	\$46,400,000,000
1997 Stock market capitalization/GDP	47%
1997 Government Debt Market	\$38,000,000,000
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	1 year: 11.3% 5 years: 11.2% 10 years: 11.0%
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	5.6% ¹
Annualized Volatility (%) for a Broad Index of Equities	19.4% on the Tel Aviv Stock Exchange general index.
General Data	
Currency	New Israeli Shekel (NIS).
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No. Pegged to a currency basket with a \pm 15% band.
Actual Range of Exchange Rate from 6/30/97 to 6/30/98?	3.587 – 3.667
Sovereign Debt Rating	A3/A-
1997 Population	{ 5,643,966 }
Major Sectors (Agriculture, Mining, Industry)	{ Food processing, diamond cutting and polishing, textiles and apparel, chemicals, metal products, military equipment, transport equipment, electrical equipment, potash mining, high-technology electronics, tourism. }

¹ Standard deviation is annualized based on the percentage daily change in price.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	None.
Principal securities law.	Securities Law from 1968.
Futures regulatory authority.	Israel Securities Authority (ISA).
Securities regulatory authority.	Israel Securities Authority.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	The Tel Aviv Stock Exchange (TASE) serves as an SRO. Its bylaws are approved by the Minister of Finance, who consults with the ISA and the parliament.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Exchanges must be licensed by the ISA.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	TASE bylaws.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes, if the TA-25 Index increases or decreases by more than 8%, there is an automatic trading halt. In addition, a circuit breaker is imposed when an individual security's price is changing by more than 10% at the opening session.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others (specify)?	General oversight only by the ISA. The exchange also has an external audit.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	Investment advisors and portfolio managers have to be licensed by the ISA.
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	Exchange members, which are not banks, must publish quarterly and annual financial reports. Recordkeeping is conducted according to exchange rules. Exchange members that are banks keep records according to the rules of the Central Bank. Investment advisors and portfolio managers have to report each transaction they conduct.
Are there sales practice/conduct of business standards for brokers? Others (specify)?	These standards are set by the exchange rules for exchange members and for portfolio managers and investment advisors by the portfolio managers and investment advisors

	law.
Are there minimum capital requirements for brokers? For others (specify)?	Exchange members: 6,600,000 NIS. Portfolio managers: 324,000 NIS.
Are brokers audited by regulators? By others (specify)?	The ISA supervises investment advisors and portfolio managers' compliance with legal duties. The exchange audits its members.
Are there segregation requirements for customer funds? If so, please describe.	Client accounts must be segregated from those of the portfolio managers.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	Portfolio managers should be insured for the greater of 500,000 NIS or 5% of the value of the assets managed.
Are there custody requirements for customer funds? If so, please describe.	Portfolio managers act on a power of attorney basis. They do not serve as a trustees.
Are there dispute resolution procedures? If so, please describe.	There are dispute resolution procedures under the bylaws of the TASE.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Individual investors are allowed to invest anywhere. Mutual funds are allowed to invest only in recognized exchanges.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	None.
Is there a double taxation treaty?	Yes, with a number of countries, including the U.S.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	There is a dispute resolution procedure. There are no special provisions for foreign market users.
Taxation	
How are gains on derivatives products taxed?	Derivatives products traded on the TASE are tax exempted.
Insolvency	
What insolvency provisions apply to futures markets?	Exchange members must deposit assets according to the worst scenario determined by exchange rules.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	ISA is responsible for enforcing the securities law, including fraud in securities. The exchange is responsible for punishing violations of exchange rules.

General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	IOSCO.
E-mail contact information.	< mshauser@pluto.msc.huji.ac.il >.
Web site address(es).	None.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	Options and futures are traded on the TASE.
Who owns the exchange (members, government, other)?	Owned by members.
For each exchange, list contract types traded.	Options on TA-25 index and on foreign currency. Also, futures on foreign currency.
Do you have a stock index? If so, please specify.	TA-25 and TA-100 indexes and general exchange.
Do stock index futures exist? If so, please specify.	Futures and options are on the TA-25 index. [MAOF-25 Index Futures].
What was the average daily volume in futures contract trading at year-end 1997?	20,000 option contracts. Futures volume is negligible.
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	6,253,075 options and futures contracts. The option contracts' value was NIS 5,411,000,000.
What was the level of open interest in futures contracts at year-end 1997?	488,694 options and futures contracts on the TA-25 index and on foreign currency (NIS/US\$).
Please describe how you compute contract volume.	Number of contracts. One unit of a TA-25 contract represents 100 times the index, which was about US\$ 10,000 in 1997. One unit of a foreign currency contract represents \$10,000.
Trading Features	
Is trading conducted electronically or by open outcry?	Options and futures are traded by open outcry. All other securities are traded electronically.
Are prices disseminated in real-time? If so, how?	Yes. The exchange has an electronic system to disseminate prices in real-time.
How frequently do you match trades?	Continuously.
Is dual trading permitted?	Yes, subject to certain procedures and prohibitions.
What surveillance programs are used?	Mainly computerized "stock watch."
Risk Management/Clearing	
Do exchanges have clearing houses?	Yes.
Who owns the clearing house? Is the clearing house affiliated or separate?	The clearing house is owned by a company owned by the exchange.
What is the settlement time frame (e.g., T+)?	T or T+1 depending on what part of the day.
Is margin required?	Portfolio managers – according to the agreement between the customer and the broker.

	Exchange members – according to the exchange rules.
Who sets the margin levels?	The clearing house.
Is margin calculated on a gross or net basis?	Gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	Once a day, but in case of crisis can be done more frequently.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	Minimum capital requirements, liquidity provisions. In addition, there is an insolvency fund for exchange members.
How does the clearing house allocate losses in the event of a clearing member default?	According to the relative investment of the member in a special fund, designated for that purpose.
Can customer positions be transferred in the event of default?	N/a
Are emergency rules in place? If so, please specify.	N/a
General	
Are exchange rules available on the Internet?	No, but there is general information.
E-mail contact information.	TASE: < spokesperson@tase.co.il >.
Web site address(es).	TASE: < www.tase.co.il >.

CENTRAL AND NORTH AMERICA

Summary Information
CENTRAL AND NORTH AMERICA

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Costa Rica	Not applicable.	Not applicable.	Not applicable.	Not applicable.
Guatemala	Bolsa de Valores Nacional. [‡]	Not applicable.	Not applicable.	Not applicable.
Guatemala	Bolsa Agrícola Nacional.	Not yet active.	Not yet active.	Not applicable.
Mexico	MexDer.	Not yet active.	Not yet active.	[Planned:] 91-day Cetes futures, US dollar futures, stock index futures, 28-day Inter-bank interest rate futures, inflation futures, individual stock futures. [Planned:] Options.

[‡] Operations closed in 1995.

Costa Rica^{*}

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1997 GDP (US\$)	\$19,600,000,000 (estimate)
1997 GDP Percentage Increase (US\$)	3% (estimate)
1997 GDP per capita (US\$)	\$5,500 (estimate)
1997 Consumer Price Index Increase	11.2% (estimate)
1997 Balance of Trade Surplus (Deficit)	(500,000,000) (1996 estimate)
1997 Total External Debt	\$3,200,000,000 (October 1996 estimate)
Total External Debt/GDP	16.3% (estimate)
Market Data	
1997 Stock market capitalization (US\$)	N/a
1997 Stock market capitalization/GDP	N/a
1997 Government Debt Market	N/a
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	N/a
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	N/a
Annualized Volatility (%) for a Broad Index of Equities	N/a
General Data	
Currency	Colon.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Actual Range of Exchange Rate from 6/30/97 to 6/30/98?	227.8000 – 256.7100
Sovereign Debt Rating	{Ba1/BB}
1997 Population	{3,604,642}
Major Sectors (Agriculture, Mining, Industry)	{Food processing, textiles and clothing, construction materials, fertilizer, plastic products.}

^{*} Source of Costa Rican economic data: U.S. Central Intelligence Agency, *The World Factbook 1998*, at (<www.cia.gov/cia/publications/factbook/>).

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	Not applicable.
Principal securities law.	Ley Reguladora del Mercado de Valores No. 7732 (Stock Market Regulation Law).
Futures regulatory authority.	Superintendencia General de Valores (SUGEVAL), Banco Central de Costa Rica (BCCR). If the underlying asset is a security or a securities market related asset, the regulator would be the SUGEVAL, otherwise, it is the BCCR.
Securities regulatory authority.	Superintendencia General de Valores.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	The Bolsa Nacional de Valores, S.A. (BNV) and the Bolsa Electronica de Valores de Costa Rica, S.A. (BEV) both act as SROs.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The exchange has to provide market participants with certain information (<i>e.g.</i> , closing price, opening price, daily high and low prices, historical high and low prices, the difference between the opening and closing prices, settlement price, open interest, number of contracts traded, and the daily change in open interest). Once a regulation is promulgated which allows brokers to trade for their own accounts, brokerage firms will be required to disclose their derivatives markets positions in their financial statements. Brokerage firms must keep trading and customer records.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. They are set at 10%.
Are there special requirements for electronic trading systems? If so, please specify.	No, but there is a project to establish them.
Are exchanges audited by regulators? By others (specify)?	Yes.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	Yes.

What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	N/a
Are there sales practice/conduct of business standards for brokers? Others (specify)?	Yes (by law).
Are there minimum capital requirements for brokers? For others (specify)?	Yes.
Are brokers audited by regulators? By others (specify)?	Not at present, but a program of visits is being established for 1999.
Are there segregation requirements for customer funds? If so, please describe.	No.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	No.
Are there custody requirements for customer funds? If so, please describe.	No.
Are there dispute resolution procedures? If so, please describe.	No.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No. There was no trading in futures contracts in 1997.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Is there a double taxation treaty?	Yes, for stock dividends.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	There is no rule.
Insolvency	
What insolvency provisions apply to futures markets?	Insolvency provisions have not been established.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	Consejo Nacional de Supervision del Sector Financiero, Sugeval Ministerio Publico.

General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	IOSCO, Council of Securities Regulators of the America (COSRA), BID, FMI, BM.
E-mail contact information.	SUGEVAL: < sugeval@sol.racsacsa.co.cr >.
Web site address(es).	BCCR: < www.bccr.fi.cr >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	Not applicable.
Who owns the exchange (members, government, other)?	Not applicable.
For each exchange, list contract types traded.	Not applicable.
Do you have a stock index? If so, please specify.	Yes.
Do stock index futures exist? If so, please specify.	No.
What was the average daily volume in futures contract trading at year-end 1997?	There was no trading in futures contracts in 1997.
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	Not applicable.
What was the level of open interest in futures contracts at year-end 1997?	Not applicable.
Please describe how you compute contract volume.	Not applicable.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically.
Are prices disseminated in real-time? If so, how?	Yes. As soon as a transaction is completed, the electronic system shows statistics for each expiration date. The statistics shown include the previous day's last negotiation, the present day's highest and lowest quotation, the present day's average, the settlement price, open interest, and two graphics concerning the settlement price and the interest rates shown by the underlying asset.
How frequently do you match trades?	Not applicable.
Is dual trading permitted?	Brokers may not currently trade for their own accounts. However, a new law will permit brokers to trade for their own accounts.
What surveillance programs are used?	Because of the small size of the market, the SUGEVAL has not developed any surveillance technology. Presently, the exchange collects the statistics generated during trading and issues reports after each trading session. In the event that any violation

	of the limits occurs, the exchange would inform the broker, who would have to liquidate the violative positions in order to comply with the regulations. In other cases, the broker would not be allowed to trade.
Risk Management/Clearing	
Do exchanges have clearing houses?	Yes.
Who owns the clearing house? Is the clearing house affiliated or separate?	Brokerages are owners of exchanges which act like clearing houses. A project for the establishment of a clearing house is being developed.
What is the settlement time frame (<i>e.g.</i> , T+ ₁)?	T+1.
Is margin required?	Yes.
Who sets the margin levels?	The exchange.
Is margin calculated on a gross or net basis?	Gross.
How frequently are positions marked to market? How often are gains/losses settled?	Not applicable.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	Brokers, who are also clearing members, have to provide a guaranty in order to be allowed to deal in both futures and securities. Also, member firms can require clients to have additional margins and guaranties.
How does the clearing house allocate losses in the event of a clearing member default?	The broker has to pay the exchange.
Can customer positions be transferred in the event of default?	N/a
Are emergency rules in place? If so, please specify.	No.
General	
Are exchange rules available on the Internet?	Not at present (in progress).
E-mail contact information.	SUGEVAL: < sugeval@sol.racsacsa.co.cr >.
Web site address(es).	BCCR: < www.bccr.fi.cr >.

Guatemala

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1998 GDP (US\$)	\$18,831,999,000
1998 GDP Percentage Increase (US\$)	12.7%
1998 GDP Percentage Increase (Quetzal)	4.9%
1998 GDP per capita (US\$)	\$4,000 (1997 estimate)*
1998 Consumer Price Index Increase	7.48%
1998 Balance of Trade Surplus (Deficit)	\$1,461,300
1998 Total External Debt	\$2,352,500,000
Total External Debt/GDP	12.5%
Market Data	
1998 Stock market capitalization (US\$)	N/a
1998 Stock market capitalization/GDP	N/a
1998 Government Debt Market	\$2,196,800,000
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	1 year: 9.2% (1998 average) 5 year: 12.83% (1998 average)
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	1 year: 1998 Standard Deviation: 1.83 points 5 years: 1998 Standard Deviation: 0.86 points
Annualized Volatility (%) for a Broad Index of Equities	N/a
General Data	
Currency	Quetzal.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Actual Range of Exchange Rate from 6/30/97 to 6/30/98?	5.85 – 6.3303
Sovereign Debt Rating	Ba2/NR
1997 Population	10,799,133
Major Sectors (Agriculture, Mining, Industry)	Food industry and textiles.

* Source: U.S. Central Intelligence Agency, *The World Factbook 1998*, at (www.cia.gov/cia/publications/factbook/).

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	The Stock and Commodities Market Law, Decree 34-96 (Ley del Mercado de Valores y Mercancías).
Principal securities law.	The Stock and Commodities Market Law, Decree 34-96 (Ley del Mercado de Valores y Mercancías).
Futures regulatory authority.	Stock and Commodities Market Register, part of the Ministry of Economy (Registro del Mercado de Valores y Mercancías).
Securities regulatory authority.	Stock and Commodities Market Register, part of the Ministry of Economy (Registro del Mercado de Valores y Mercancías).
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	According to the Stock and Commodities Market Law, the Guatemalan exchanges are self-regulated, and they have their own regulations.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes. The exchanges have to be registered in the Stock and Commodities Market Register.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The Stock and Commodities Law requires market participants to report to the Register statistical information related to the amount of their transactions and related information about their operations (quarterly).
Do price limits and circuit breakers exist? If so, at what levels are they set?	Limits are set at $\pm 2\%$ of the closing price.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others (specify)?	No, although the exchanges may audit their members. The audits are conducted annually.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	Yes. They must be registered in the Register, and must be a member of the exchange.
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	There are requirements to maintain trading and/or customer records, and to make that information public. They are described in the Stock and Commodities Market Law, Decree 34-96 (Ley del Mercado de Valores y Mercancías).

Are there sales practice/conduct of business standards for brokers? Others (specify)?	Yes, as described in the Stock and Commodities Market Law, Decree 34-96 (Ley del Mercado de Valores y Mercancías).
Are there minimum capital requirements for brokers? For others (specify)?	No.
Are brokers audited by regulators? By others (specify)?	No. The exchanges may audit their members. The audits are conducted in attendance to their request.
Are there segregation requirements for customer funds? If so, please describe.	In the clearing house, customer funds are maintained in segregated accounts.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	No.
Are there custody requirements for customer funds? If so, please describe.	Yes. Each exchange has its own custody service.
Are there dispute resolution procedures? If so, please describe.	Yes: 1) directly; 2) arbitration.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	Only taxes of 12.5% on equity dividends and 20% on any class of interest earned.
Is there a double taxation treaty?	No.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	Futures market transactions are subject to the Added Value Tax, which is imposed at liquidation. Gains are subject to the 15% “Gains over Capital Tax.”
Insolvency	
What insolvency provisions apply to futures markets?	N/a

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The exchange has its own punishment rules.
General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	No.
E-mail contact information.	N/a
Web site address(es).	< www.banguat.gob.gt >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	The Bolsa de Valores Nacional (BVN) has a structured and regulated market on futures contracts, but it last operated in 1995. The Bolsa Agrícola Nacional is planned.
Who owns the exchange (members, government, other)?	Members.
For each exchange, list contract types traded.	Not applicable.
Do you have a stock index? If so, please specify.	No.
Do stock index futures exist? If so, please specify.	No.
What was the average daily volume in futures contract trading at year-end 1997?	Not applicable; the futures contracts market has not had any trading since the end of 1995.
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	Not applicable.
What was the level of open interest in futures contracts at year-end 1997?	Not applicable.
Please describe how you compute contract volume.	Not applicable.
Trading Features	
Is trading conducted electronically or by open outcry?	Some of the trading on the exchange is conducted via open outcry; some trading is conducted through a combination of open outcry and electronic trading.
Are prices disseminated in real-time? If so, how?	The price is disseminated at the end of each trading session.
How frequently do you match trades?	Daily.
Is dual trading permitted?	Yes.
What surveillance programs are used?	Windows 95 and Procomm Plus
Risk Management/Clearing	
Do exchanges have clearing houses?	The BVN has a clearing house. The use of the Bolsa Agrícola Nacional's clearing house is not obligatory.
Who owns the clearing house? Is the clearing house affiliated or separate?	The BVN has its own clearing house as described above. A separate corporation is used in the case of the Bolsa Agrícola Nacional.
What is the settlement time frame (<i>e.g.</i> , T+ ₋)?	Not applicable.

Is margin required?	Yes.
Who sets the margin levels?	The Futures Committee of the BVN.
Is margin calculated on a gross or net basis?	Gross.
How frequently are positions marked to market? How often are gains/losses settled?	Daily/Daily.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	In the event of a clearing member's default, the clearing house uses the member's default margins. If such margin is not enough, the clearing house uses its deposit of guaranty, the liquid assets of the exchange and, finally, clearing house members' deposits.
How does the clearing house allocate losses in the event of a clearing member default?	The affected part "accuses" default.
Can customer positions be transferred in the event of default?	Not applicable.
Are emergency rules in place? If so, please specify.	Not applicable.
General	
Are exchange rules available on the Internet?	Yes.
E-mail contact information.	BVN: < ecrespo@guate.net >. Bolsa Agrícola Nacional, S.A.: < bansalae@guate.net >.
Web site address(es).	BVN: < www.bvnsa.com.gt >. Bolsa Agrícola Nacional, S.A.: < www.bolsagricola.com >.

Mexico

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1997 GDP (US\$)	\$401,631,620,000
1997 GDP Percentage Increase (US\$)	7% ¹
1997 GDP per capita (US\$)	\$4,166.30
1997 Consumer Price Index Increase	15.71%
1997 Balance of Trade Surplus (Deficit)	\$623,600,000
1997 Total External Debt	\$88,321,000,000 ²
Total External Debt/GDP	21.99%
Market Data	
1997 Stock market capitalization (US\$)	\$156,182,327,000
1997 Stock market capitalization/GDP	3.88%
1997 Government Debt Market	\$110,359,055,317
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	One year Treasury certificates (Cetes) yielded 19.85% as of December 1997, and an average of 22.35% for 1997. There are no 5 or 10 instruments.
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	28.404% (measured in standard deviations for one year Cetes as of December 1997).
Annualized Volatility (%) for a Broad Index of Equities	30.82% as of December 1997, calculated on a 10 month basis.
General Data	
Currency	Peso.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Actual Range of Exchange Rate from 6/30/97 to 6/30/98?	7.715 – 9.046
Sovereign Debt Rating	Ba2/BB
1997 Population	96,400,000
Major Sectors (Agriculture, Mining, Industry)	Steel, Chemicals, Electric Goods, Textiles, Rubber, Oil and Tourism.

¹ In real terms.

² This refers to public sector external debt.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	<p>Currently, there is no derivatives Act. However, based on present financial and securities regulation, the Ministry of Finance (SHCP), the Central Bank (Banco de Mexico or BM) and the National Banking and Securities Commission (CNBV) have issued secondary regulations and a set of “Rules” (<i>“Reglas a las que habrán de sujetarse las sociedades y fideicomisos que intervengan en el establecimiento y operación de un Mercado de Futuros y Opciones cotizados en Bolsa”</i>) which provide the types of market participants to be authorized, capital requirements, and the jurisdiction of the Financial Authorities.</p> <p>Additionally, the CNBV issued “The Prudential Regulation” (<i>“Disposiciones de carácter prudencial a las que se sujetarán los participantes en el Mercado de Futuros y Opciones cotizados en Bolsa”</i>) on May 26, 1997. The Prudential Regulation is established to protect market participants and to provide applicable statutes.</p> <p>In addition, the market is regulated by the Rules, bylaws, and operation manuals of the derivatives exchange and clearing house.</p>
Principal securities law.	<p>Currently, there is a legal framework for securities including the Mexican National Banking and Securities Commission Act, the Securities Market Act (LMV), the Mutual Fund Act, and corresponding secondary regulation (Circulares).</p>
Futures regulatory authority.	<p>The CNBV regulates, oversees and issues prudential regulations for exchange-traded futures and options. The Central Bank (BM) regulates OTC futures and options. The exchange (MexDer) authorizes clearing members, and the Ministry of Finance may veto the authorization.</p>
Securities regulatory authority.	CNBV.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	Yes. Both the exchange (MexDer) and the clearing house (Asigna) will be SROs and will

	issue rules and manuals. MexDer will be responsible for overseeing clearing members and non-clearing members, as well as the clearing house. In addition, the clearing house is empowered to oversee clearing members.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes. According to the Rules, the SHCP is in charge of authorizing futures and options exchanges as well as contracts, having previously heard the opinion of the BM and the CNBV.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The Rules set for the exchange minimum prudential regulations for information disclosure and recordkeeping, including requirements on transparency, price information, trade activities, names of members, financial statements, <i>etc.</i>
Do price limits and circuit breakers exist? If so, at what levels are they set?	Price limits do exist. Under exchange rules, circuit breakers may be established for each contract individually and this information is subject to the review of the Authorities.
Are there special requirements for electronic trading systems? If so, please specify.	There are no special requirements for electronic trading systems.
Are exchanges audited by regulators? By others (specify)?	Yes. The CNBV is empowered to audit exchanges at any time. In addition, the annual financial statements of the exchanges need to be audited by an independent external auditor who must be appointed by the board of directors. The CNBV sets forth the requirements with which external auditors have to comply.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	Licensing/authorization requirements for broker/dealers are established in the Securities Market Act. Broker/dealers are not allowed to participate directly in a futures and options market. For this purpose, a special kind of intermediary has to be constituted in accordance with the licensing and authorization requirements established in the Rules and exchange rules. Additionally, clearing members have to comply with the

	requirements established in the clearing house rules.
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	According to the Rules and the Prudential Regulation, intermediaries need to keep records of each and every one of the transactions, contracts or operations that they carry out. These records can be microfilmed or stored on diskettes or any other electronic media. Records so transformed shall have the same proving value as the original records.
Are there sales practice/conduct of business standards for brokers? Others (specify)?	Yes. There are sales practices and conduct of business standards for intermediaries.
Are there minimum capital requirements for brokers? For others (specify)?	MexDex: 4,000,000 UDIs (investment unit pegged to inflation). Clearing Member Proprietary Account: The greater of 2,500,000 UDIs or 4% of the total amount of the initial minimum contributions for each open account. Clearing Member Non-Proprietary Account: The greater of 5,000,000 UDIs or 8% of the total amount of the initial minimum contributions for each open contract. Clearing house: 15,000,000 UDIs. Non-Clearing Members: 100,000 UDIs. Note: The initial capital requirements are not capital adequacy standards.
Are brokers audited by regulators? By others (specify)?	Yes. The CNBV, MexDer, and the clearing house audit both the intermediaries' practice and their financial statements.
Are there segregation requirements for customer funds? If so, please describe.	Yes. The protection of the investor's funds includes segregation of proprietary and non-proprietary funds.
Are there other customer compensation or "insurance" arrangements? If so, please describe.	No. There are no customer compensation or "insurance" arrangements.
Are there custody requirements for customer funds? If so, please describe.	Clearing members can manage customer funds, which have to be segregated from proprietary funds.
Are there dispute resolution procedures? If so, please describe.	Yes. There are Council and Arbitration procedures for members and customers, both administrated by the exchange.

Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Mexican corporations and citizens do not need special authorization in order to invest in foreign markets.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Is there a double taxation treaty?	Yes. There are treaties with several countries.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Procedures are the same for both domestic and foreign market users.
Taxation	
How are gains on derivatives products taxed?	<p>The final approval of the derivatives gain/loss scheme for the 1999 tax year was published in the <i>Official Gazette</i> on March 3, 1999. As a result, the following regulations will apply to taxpayers:</p> <ul style="list-style-type: none"> a) if the underlying asset is referred to Mexican government debt or interest rates, the clearing-member proprietary or non-proprietary accounts will not exercise the 15% withhold rate, when the gains are equal or less than the losses generated, until the end of such trading. The 15% withholding amount will be exercised on the amount exceeding the difference on gains and losses. Clearing members should keep a record of segregated gains and losses traded by the proprietary and non-proprietary accounts. If the operation is settled by physical delivery, it is tax exempt. b) If the underlying asset is referred to a stock and/or stock and currencies index, the tax rate will be the 20% effective rate with no deduction allowed. A 40% effective rate will be applied to those deducting the losses not exceeding a three-month period and having a Mexican tax residence or an authorized grantor.

	c) If the taxpayer resides in a tax haven, the 40% effective rate, with no deduction allowed, will be applied.
Insolvency	
What insolvency provisions apply to futures markets?	Both the Rules and The Prudential Regulation establish a safety net that is triggered in the event of a default by a market member. The safety net uses, progressively, margin funds, any other resources from the clearing and non-clearing members, and the clearing funds. This process is detailed in the clearing house rules.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	MexDer will be a self-regulated market with the possibility of enforcing its rules through contractual agreements. The CNBV will be responsible for punishing violations. In case of some violations of the law such as fraud, the CNBV or a market participant could complain to the Attorney General's office which is the competent authority.
General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	IOSCO (Technical Committee), COSRA, APEC, Core Principles Liaison Group (Basle), Inter-American Development Bank, International Monetary Fund, OECD and World Bank.
E-mail contact information.	CNBV: < info@cnbv.gob.mx >. BMV: < cinforma@bmv.com.mx >.
Web site address(es).	CNBV: < www.cnbv.gob.mx >. BMV: < www.bmv.com.mx >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	MexDer.
Who owns the exchange (members, government, other)?	The members and the Mexican Stock Exchange, which acts as an investor (not a member) and has limited corporate rights.
For each exchange, list contract types traded.	Futures on 91 days Cetes (Cetes 91), US dollar, stock index (IPC), 28 days Inter-bank interest rate (TIIE 28), Inflation (UDI) and on individual stocks. Eventually, there will be options.
Do you have a stock index? If so, please specify.	Yes. There are stock indexes in Mexico, including the well-known IPC (<i>Indice de Precios y Cotizaciones</i>), the INMEX (<i>Indice Mexico</i>) and the IPMMEX (<i>Indice de Precios de la Mediana Empresa Mexicana</i>).
Do stock index futures exist? If so, please specify.	Yes. The IPC will be the underlying asset of the stock index futures contract. At the present time, there are future contracts on the IPC traded on the Chicago Mercantile Exchange.
What was the average daily volume in futures contract trading at year-end 1997?	Not applicable.
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	Not applicable.
What was the level of open interest in futures contracts at year-end 1997?	Not applicable.
Please describe how you compute contract volume.	The sum of the contracts bought or sold in a day.
Trading Features	
Is trading conducted electronically or by open outcry?	Futures trading will be conducted via open outcry. Options trading will be conducted electronically.
Are prices disseminated in real-time? If so, how?	Prices are disseminated in real-time by the electronic systems of the market, through monitors, and through private information vendors.
How frequently do you match trades?	Every trade has to be matched; if not, it will not be registered.
Is dual trading permitted?	Yes. Intermediaries are allowed to trade for customers and for their own accounts in the

	same day. However, exchange rules establish that a period of 15 minutes between different kinds of trading has to take place.
What surveillance programs are used?	The CNBV is implementing a system that will monitor on-line trades, price, large exposures, and so on. The exchange, as an SRO, has surveillance programs in order to detect violations.
Risk Management/Clearing	
Do exchanges have clearing houses?	No, the clearing house is a separate entity to the Exchange.
Who owns the clearing house? Is the clearing house affiliated or separate?	Both the Clearing Members (<i>Socios Liquidadores</i>) and the Securities Depository (INDEVAL) will be trustees of the clearing house. The clearing house (Asigna) is a separate entity.
What is the settlement time frame (e.g., T+)?	T + 1.
Is margin required?	Yes.
Who sets the margin levels?	The clearing house calculates and sets the margin levels.
Is margin calculated on a gross or net basis?	Margin will be calculated on a net basis.
How frequently are positions marked to market? How often are gains/losses settled?	The Rules and The Prudential Regulation establish that the positions have to be marked-to-market at least once a day. However, the clearing house's system marks to market and calculates unrealized gains and losses on a real-time basis. The gains/losses are settled at the end of the day but the exchange can have an extraordinary settlement at any time during the day.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	Please refer to insolvency provisions in the next answer.
How does the clearing house allocate losses in the event of a clearing member default?	There is a clearing house safety net which uses the following funds of the defaulting member progressively: margin funds, funds released from the positions closed, and any other resources from the clearing and non-clearing member in default. If this is not enough, the safety net will allocate losses between all the members using the clearing fund and the clearing house may require clearing members to restore the clearing fund up to three times.

Can customer positions be transferred in the event of default?	If a clearing member defaults, non-defaulting customer positions must be transferred to another member.
Are emergency rules in place? If so, please specify.	Yes. There is a safety procedure in case of an emergency related to the systems and any other abnormal situations.
General	
Are exchange rules available on the Internet?	Not at present; the Rules are in the process of being approved by the Authorities.
E-mail contact information.	CNBV: < info@cnbv.gob.mx >. BMV: < cinforma@bmv.com.mx >. MexDer: < cinforma@mexder.com.mx >.
Web site address(es).	CNBV: < www.cnbv.gob.mx >. BMV: < www.bmv.com.mx >. MexDer: < www.mexder.com.mx >.

SOUTH AMERICA

Summary Information
SOUTH AMERICA

Country	Exchange	Average Daily Volume	Annual Volume	Contract Types
Argentina	Mercado Término de Buenos Aires S.A.	1998: 835 contracts.	1998: 200,637 contracts.	Futures and options on wheat, corn, sunflowers, soybeans.
Argentina	Mercado a Término de Rosario S.A. [Rosario Futures Exchange].	1998: 290 contracts.	1998: 69,701 contracts.	Futures and options on wheat, corn, sunflowers, Rosafe Soybean Index.
Brazil	Brazilian Futures Exchange.	1997: 490,700 contracts.	1997: 122,200,000 contracts.	Interest rates, foreign currencies, swaps, stock index futures, flexible options, sovereign debt instruments, agricultural commodities, gold.
Chile	Santiago Stock Exchange.	Not yet active.	Not yet active.	Futures: stock index, U.S. dollar contracts, interest rate contracts. Options: shares.
Peru	Not applicable.	Not applicable.	Not applicable.	Not applicable. [‡]
Venezuela	Camara de Compensación de Opciones y Futuros.	Not applicable.	Not applicable.	Stock index rate, Bs/\$ rate, Bs Interest rate, two stock futures.

[‡] Contracts in equity, bond, and short-term instruments are traded on the Lima Stock Exchange; agricultural, farming, fishing, mining, and industrial commodities are traded on the Commodities Exchange.

Argentina

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1998 GDP (US\$)	\$339,000,000,000
1998 GDP Percentage Increase (US\$)	4.60%
1998 GDP per capita (US\$)	\$9,417
1998 Consumer Price Index Increase	.70%
1998 Balance of Trade Surplus (Deficit)	(\$3,223,000,000)
1998 Total External Debt	\$139,317,000,000
Total External Debt/GDP	41.10%
Market Data	
1998 Stock market capitalization (US\$)	\$45,292,000,000
1998 Stock market capitalization/GDP	13.36%
1998 Government Debt Market	\$39,221,000,000
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	N/a
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	N/a
Annualized Volatility (%) for a Broad Index of Equities	N/a
General Data	
Currency	Peso.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	Yes.
Actual Range of Exchange Rate from 6/30/97 to 6/30/98?	1 – 1
Sovereign Debt Rating	Ba3/BB
1997 Population	36,000,000
Major Sectors (Agriculture, Mining, Industry)	Food processing, automobiles, chemicals, textiles, printing.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	Decree #2284 ratified by Law #24.307, ¹ and Decree #1926/93. ²
Principal securities law.	Law #17.811.
Futures regulatory authority.	National Securities Commission (CNV).
Securities regulatory authority.	CNV.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	Yes. Futures and options exchanges are authorized by the CNV as SROs. CNV approves all SRO rules and regulations and contract terms and conditions. As SROs, exchanges must comply with CNV requirements. All intermediaries must be an SRO's registered member, and are subject to the SRO's control and supervision. CNV controls SROs' actions according to their rules and regulations.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Exchanges must keep records of all transactions, volume, open positions, and brokers' financial data, margins and daily account fluctuations. Exchanges must disseminate information on transactions registered and prices offered on a daily basis. Exchanges must present any kind of information required by the CNV.

¹ Effective as of October 31, 1991. The Decree and Law delegated to the CNV the following principal jurisdictional functions:

- (1) authorization of futures markets as SROs;
- (2) approval of futures and options contract's terms and conditions;
- (3) approval of SROs' internal rules governing
 - (a) electronic or open outcry trading,
 - (b) clearing houses, and
 - (c) intermediaries; and
- (4) continuous control of SRO activities.

² Effective as of September 1993. The Decree established joint supervision between the CNV and the Secretary of Agriculture over futures and options contracts when the underlying product is within the Secretary's jurisdiction.

Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. Each exchange determines daily price limits for each of its contracts based on the settlement price of the contract for the previous day. At the moment there is no financial futures market in Argentina, so there is no need to implement circuit breakers.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others (specify)?	Yes. CNV conducts periodic audits of the exchanges to ensure that each is properly executing its role as an SRO. Furthermore, CNV requires exchanges to be audited annually by external auditors.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	Entities that decide to act as brokers on domestic exchanges must fulfill exchange requirements in order to be registered exchange broker members.
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	Exchanges require brokers to maintain records of their proprietary and their customers' transactions.
Are there sales practice/conduct of business standards for brokers? Others (specify)?	Yes. CNV's General Resolution #290/97 (Chapter VI, Sections 33 to 40) determines sales practices and conduct of business standards that futures exchange broker members must follow. Exchanges also must submit for CNV approval a Code of Ethics with business standards for their intermediaries.
Are there minimum capital requirements for brokers? For others (specify)?	Yes. Exchanges set minimum capital requirements for broker members based on risk exposure. Compliance with these requirements is monitored daily.
Are brokers audited by regulators? By others (specify)?	Yes. Exchanges, as SROs, must conduct periodic audit trails and enforcement procedures of broker members. In addition, the CNV and exchanges institute enforcement proceedings when necessary.
Are there segregation requirements for customer funds? If so, please describe.	No.

Are there other customer compensation or “insurance” arrangements? If so, please describe.	No.
Are there custody requirements for customer funds? If so, please describe.	No.
Are there dispute resolution procedures? If so, please describe.	Both futures exchanges’ bylaws enable their board of directors to be engaged in dispute resolution procedures. But there is no other specific internal regulation regarding dispute resolution procedures.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No. CNV’s jurisdictions would arise in case a foreign market is involved in the trading of its futures and options contracts in Argentina.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Nationals and foreigners are given the same treatment. Regarding limits on investments in derivatives (by nationals or foreigners), there are none on individuals, but restrictions exist for private pension funds and mutual funds. (According to Law #24.241 only 10% of private pension funds can be invested in futures and options markets. The list of acceptable markets is determined by the CNV. Under Law #24.083 there are also limits for mutual fund investments in derivatives).
Are there restrictions on repatriation of funds? If so, please describe.	No.
Is there a double taxation treaty?	Argentina has double taxation treaties in place with a number of countries: Brazil, Bolivia, Canada, Chile, France, Germany, and Spain among others. A treaty with the United Kingdom is pending parliament approval.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Not applicable.

Taxation	
How are gains on derivatives products taxed?	<p>Decree #1130/97, effective as of November 4, 1997, amends Decrees #2353/836 and #2407/97 governing the general income tax and value added tax (VAT) treatment of derivatives transactions, and establishes new rules regarding the Argentine federal tax treatment of derivatives contracts.³</p> <p>Income Tax: The determination of the source country is based on the localization of the risk, which is deemed to be located in the country of residence of the recipient regardless of the location of the underlying asset. According to this principle, any gain or loss obtained by a Non-Argentine Company as a result of a derivatives transaction is not subject to withholding tax in Argentina. For Argentine residents, the gain or loss is deemed to be sourced in Argentina and therefore offsettable against Argentine source income.</p>

³ Decree 1130/97 provides a number of tax planning opportunities for domestic as well as cross border transactions. It also introduces numerous innovative regulations, among other things, allocates the source of the income to the country of residence, and for VAT purposes disregards all the transactions involved in derivatives contracts with the exception of transfers of assets or rendering of services that would otherwise be subject to the tax. Only in the preamble of this Decree is there a definition of the type of transaction envisaged (a derivatives instrument or contract is one whose economic content depends on the value of other basic underlying variables); as a result, this broad scope appears to include forwards, options, futures, swaps, and all kinds of combinations of these plain vanilla transactions. The tax planning opportunities which arise from Decree 1130/97 include the following:

- (i) the ability for Argentine Companies to offset foreign derivatives losses against Argentine source income;
- (ii) the ability for Non-Argentine Companies to receive derivatives income streams from Argentina free of withholding; and
- (iii) VAT relief for those derivatives with cash settlement.

Anti-abuse Rules: The new legislation contains anti-abuse rules for both income tax and VAT purposes. In the case of the income tax source rules, if the transaction was entered with an intention different from that expressed by the parties, the source rules that will be applicable are those that would have been applicable according to that real economic intention. Furthermore, if the aggregation of derivatives contracts results in an equivalent financial transaction with a different income tax or VAT treatment, the aggregation will be considered as a bulk operation and accorded the treatment of the mirror transaction.

	<p>In this regard, the Decree introduces a limitation for the use of derivatives losses not emerging from hedging transactions. The regulation defines as a hedge transaction one whose purpose is to reduce the effect of future fluctuations in market prices or rates in the earning of the principal economic activities. Therefore, losses from non-hedge transactions generated within or without Argentina are offsettable only against derivatives income with a five-year carry-forward.</p> <p>VAT: According to the regulation, all the transactions executed as a result of entering into a derivatives contract, including the initial agreement, its subsequent sale and the compensations or settlements that may take place as a consequence of its resolution or termination, are not considered taxable events for VAT purposes. However, the VAT will trigger if the instrument is settled with the delivery of the underlying assets or rendering of services if they qualify as taxable events under the VAT Act. Consequently, in derivatives transactions with cash settlement or delivery outside Argentina, no VAT would be applicable.</p>
Insolvency	
<p>What insolvency provisions apply to futures markets?</p>	<p>Law #24.522 (Bankruptcy Law) does not specifically outline what a counterparty to a derivatives trade is entitled to in cases of insolvency.</p> <p>Furthermore, there is a two-year look-back period during which the bankrupt company's payments can be investigated and, in some cases, appropriated. However, the government recently passed Law #24.764 (1997 Budget Law) which provides for netting, elimination of the look-back period, and early termination of derivatives contracts into which the country's finance ministry entered if the private sector counterparty to the trade is declared insolvent.</p>

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	CNV.
General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	COSRA, IOSCO, Inter-American Development Bank, IMF, World Bank.
E-mail contact information.	Mr. Guillermo Harteneck, CNV Chairman: < gharte@meyosp.mecon.ar >. Mr. J. Andrés Hall, CNV Commissioner: < jah@meyosp.mecon.ar >. Mrs. María Soledad Castro, CNV, Sub-Manager Futures & Options Division: < scastr@meyosp.mecon.ar >.
Web site address(es).	CNV: < www.cnv.gov.ar >. Secretary of Agriculture: < siiap.sagyp.mecon.ar >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	Mercado Término de Buenos Aires S.A. (MAT/BA). Mercado a Término de Rosario S.A./Rosario Futures Exchange (ROFEX).
Who owns the exchange (members, government, other)?	Exchanges are owned by their members, which must own at least one share of the exchange.
For each exchange, list contract types traded.	MAT/BA: trades futures and options on wheat, corn, sunflowers and soybeans. (Unit contract for all contracts is 100 tons). ROFEX: trades futures and options on wheat, corn, sunflowers and the Rosafe Soybean Index. (Unit contract for sunflower and Rosafe Soybean Index is 25 tons. Unit contract for wheat and corn is 50 tons).
Do you have a stock index? If so, please specify.	Yes. The Mercado de Valores de Buenos Aires S.A. (MERVAL) has two stock indices: MERVAL and BURCAP.
Do stock index futures exist? If so, please specify.	No.
What was the average daily volume in futures contract trading at year-end 1998?	Average Daily Volume in futures and options on futures contracts trading at year-end 1998 (including all types of contracts traded on each exchange): MAT/BA: 835 contracts. ROFEX: 290 contracts.
What was the annual futures contract trading volume for 1998 (number of contracts/contracts' value)?	Total quantity of futures and options on futures contracts for all types of contracts registered at each exchange in 1998: MAT/BA: (1) Number of Contracts registered in 1998: 200,637 contracts. ROFEX: (1) Number of Contracts registered in 1998: 69,701 contracts.
What was the level of open interest in futures contracts at year-end 1998?	MAT/BA: 28,125 (12,444 futures + 15,681 options on futures contracts). ROFEX: 4,614 contracts (3,560 futures + 1,054 options on futures contracts).
Please describe how you compute contract volume.	For the purpose of this questionnaire, contract volume is the total quantity of futures and options on futures contracts registered.

Trading Features	
Is trading conducted electronically or by open outcry?	At the moment, MAT/BA trading is conducted only by open outcry. MAT/BA will start electronic trading in 1999. At ROFEX, trading can be conducted by open outcry or electronically, through the ex-ROFEX system.
Are prices disseminated in real-time? If so, how?	Yes. Both futures exchanges disseminate prices in real-time through electronic screens and Reuters. Both exchanges also disseminate prices through their internet web sites (see below).
How frequently do you match trades?	Both futures exchanges match trades on a daily basis.
Is dual trading permitted?	Yes. In case of dual trading, the customer's order must be given the best price.
What surveillance programs are used?	Both futures exchanges have surveillance programs in place to monitor broker activities in trading pits and regarding the handling of customers' orders.
Risk Management/Clearing	
Do exchanges have clearing houses?	No (see below).
Who owns the clearing house? Is the clearing house affiliated or separate?	All intermediaries that own at least one share of the exchanges are members of the clearing house. The clearing house is a department within the exchanges.
What is the settlement time frame (<i>e.g.</i> , T+ ₋)?	T+1.
Is margin required?	Yes.
Who sets the margin levels?	Futures exchanges set margin levels for each contract. Required margin levels are set in relation to "one-day" value at risk for each type of contract. Initial and variation margin requirements must be deposited before the following trading day to avoid close-out of open positions. Initial margins must be in cash or public bonds (with a haircut), while variation margins must be in cash.
Is margin calculated on a gross or net basis?	MAT/BA: calculates margin on a net basis. ROFEX: calculates margin on a gross basis.
How frequently are positions marked to market? How often are gains/losses settled?	Positions are marked to market, and gains and losses are settled on a daily basis.

What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	Both futures exchanges guarantee all registered open positions. In case of a defaulting member, exchanges will close out proprietary open positions (executing member guarantees if necessary) and transfer customer open positions to another members' account. In case of broker bankruptcy, customer funds are not protected.
How does the clearing house allocate losses in the event of a clearing member default?	MAT/BA and ROFEX do not have clearing houses.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	Neither futures exchange has specific regulations in place to address market emergencies. MAT/BA and ROFEX can pass, modify or suspend any rule or regulation and require, when necessary, additional margin and collateral.
General	
Are exchange rules available on the Internet?	Yes. See: < www.cnv.gov.ar >.
E-mail contact information.	MAT/BA: < matba@matba.com.ar >. ROFEX: < info@rofex.com.ar >.
Web site address(es).	MAT/BA: < www.matba.com.ar >. ROFEX: < www.rofex.com.ar >.

Brazil

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1998 GDP (US\$)	\$722,750,000,000
1998 GDP Percentage Increase (US\$)	.15%
1998 GDP per capita (US\$)	\$4,423.01
1998 Consumer Price Index Increase	1.8%
1998 Balance of Trade Surplus (Deficit)	\$6,400,000,000
1998 Total External Debt	\$229,000,000,000
Total External Debt/GDP	32%
Market Data	
1998 Stock market capitalization (US\$)	\$161,000,000,000
1998 Stock market capitalization/GDP	22%
1998 Government Debt Market	\$346,806,000,000
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	N/a
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	N/a
Annualized Volatility (%) for a Broad Index of Equities	N/a
General Data	
Currency	Real.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Actual Range of Exchange Rate from 6/30/98 to 3/30/99?	1.1565 – 1.745
Sovereign Debt Rating	D1/DB
1998 Population	163,412,504
Major Sectors (Agriculture, Mining, Industry)	Steel, autos, textiles, manufacturing, chemicals, machinery, coffee, soybeans, sugar.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	National Monetary Council (NMC) Resolution No. 1190, 1645 and 2138; Brazilian Securities and Exchange Commission (CVM) Rules 19, 24, 120 and 283.
Principal securities law.	Law 6385, which created the CVM, as amended by Law No. 9457.
Futures regulatory authority.	Central Bank of Brazil (BCB) for commodity interest rate, and foreign currency futures. CVM for all equity derivatives.
Securities regulatory authority.	CVM.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	Clearing and settlements are regulated by the exchanges, which are SROs under the Brazilian securities laws. Brokers' capital requirements are also determined by exchanges. Recently, CVM Rule 283 (issued July 10, 1998) enlarged the powers of the SROs in the regulation of derivatives markets.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes. Exchanges and exchange-traded securities must be approved by, and registered at, the CVM prior to the start of trading.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Exchanges must maintain positional records down to the client level. The broker responsible for the transaction must identify the client/beneficial owner for whom transactions are carried out on the exchange by the end of the day. Clients are identified through an ID code assigned to each exchange customer. The CVM has total access to this information at any time.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. Price limits for individual stocks have existed for some time. Whenever these limits are reached, an open-outcry auction is conducted. Market circuit breakers, conversely, are fairly recent. They were first set up during the stock market crisis of October 1997, and are still active. The main cash market (São Paulo Stock Exchange) halts trading for half an hour if the main index (Ibovespa) falls 10%; if the index falls another 5% (to -15%), trading halts for a full hour.

	The other main exchanges (Rio de Janeiro Stock Exchange, and the Brazilian Futures Exchange (BM&F)) also have circuit breakers.
Are there special requirements for electronic trading systems? If so, please specify.	Electronic trading systems in Brazil (<i>e.g.</i> , SOMA) are also considered SROs, so they are subject to the same regulatory requirements; for instance, they must be approved by, and registered at, the CVM.
Are exchanges audited by regulators? By others (specify)?	Regulators do not audit exchange members on a regular basis; the exchanges themselves are responsible for that.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	All financial service providers, including brokerage houses, must be authorized by the Central Bank of Brazil. Broker-dealers must be accredited by the CVM.
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	Exchanges maintain records on all the details of the transactions, including size and type of contract, execution time, price, and customer's exchange ID number. Exchanges, in the role of SRO, are also in charge of enforcing the maintenance of adequate client records by brokerage houses.
Are there sales practice/conduct of business standards for brokers? Others (specify)?	CVM Rule 220 determines that the exchanges must establish business standards for the brokers/members, following principles of: (I) probity of conduct of business in the best interests of clients and market integrity; (II) diligence in the execution of a client's orders; (III) competence; (IV) informing clients about the transactions and the market risks involved; (V) avoiding conflicts of interest.
Are there minimum capital requirements for brokers? For others (specify)?	Yes, following the Basle Committee recommendations.
Are brokers audited by regulators? By others (specify)?	Regulators audit exchanges, member firms, brokers, and clearing members, at least annually.
Are there segregation requirements for customer funds? If so, please describe.	The BCM has recently established the "Chinese wall" requirement among Brazilian financial institutions. In addition, customer investment funds must be segregated from the firm's funds.

Are there other customer compensation or “insurance” arrangements? If so, please describe.	Exchanges maintain an insurance fund in case of default by one of their broker-members, so that the client is protected and all the members of the exchange share the default cost.
Are there custody requirements for customer funds? If so, please describe.	Yes. The Brazilian Custody and Clearing House (CLC) is required to send the CVM a daily report on customer funds associated with derivatives trading. Periodically, a report on cash transactions is also demanded by the CVM.
Are there dispute resolution procedures? If so, please describe.	There is a Dispute Resolution Committee at the BM&F which handles these matters.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	The BCB controls all foreign exchange operations, and therefore foreign investments by Brazilians must be fully documented. In principle, legitimate investments abroad are permitted.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Yes. Currently, foreign investors (Annex IV) can only invest in Brazilian derivatives markets for documented hedging purposes.
Are there restrictions on repatriation of funds? If so, please describe.	No restrictions on repatriation.
Is there a double taxation treaty?	Yes.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Not applicable.
Taxation	
How are gains on derivatives products taxed?	Taxed as capital gains at the rate of 10% for operations with variable income, except for documented hedging operations, which are exempt from taxation, and 20% for operations with fixed income (withheld at source).
Insolvency	
What insolvency provisions apply to futures markets?	Trades on Brazilian futures exchanges are guaranteed by: (1) the broker member’s net worth; (2) a guaranty fund; and (3) the net worth of the exchange itself. [The features of BM&F’s financial safeguards and guarantee

	system are detailed in Circular Letter 040/98-SG of March 31, 1998, which publishes contractual provisions that are an integral part of contract specifications.]
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	CVM and the Central Bank.
General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	IOSCO, COSRA, Inter-American Development Bank, IMF, World Bank.
E-mail contact information.	BCB: < denor@bcb.gov.br >. CVM: < intl@crm.gov.br > or < sde@cvm.gov.br >.
Web site address(es).	BCB: < www.bcb.gov.br >. CVM: < www.cvm.gov.br >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	Brazilian Futures Exchange (BM&F).
Who owns the exchange (members, government, other)?	Members, brokerage houses.
For each exchange, list contract types traded.	According to financial volume breakdown: interest rates (46.72%); foreign currencies (35.35%); swaps (8.3%); stock index (6.38%); flexible options (2.83%); sovereign debt instruments (0.33%); agricultural commodities (0.05%); gold (0.04%).
Do you have a stock index? If so, please specify.	<p>Yes. Indices maintained by exchanges:</p> <ul style="list-style-type: none"> - IBOVESPA, composed of the most traded stocks at the São Paulo Stock Exchange; - IBVRJ, composed of the most traded stocks at the Rio de Janeiro Stock Exchange; - ISENN, composed of the stocks traded at the electronic system maintained by several exchanges; - IEE, composed of the stocks of the most prominent companies in the electric sector; - IBX, composed of the 100 stocks traded at the Bovespa. <p>Other indexes (<i>e.g.</i>, FGV-100 and IBA) are maintained by other agencies.</p>
Do stock index futures exist? If so, please specify.	Yes. On the IBOVESPA index, there are index futures, options on futures, and swaps.
What was the average daily volume in futures contract trading at year-end 1997?	In 1997, an average 490.7 thousand contracts were traded per day, with a corresponding average daily volume of US\$ 27.7 billion.
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	122.2 million contracts were traded, with a notional financial volume of US\$ 6.9 trillion.
What was the level of open interest in futures contracts at year-end 1997?	At year-end 1997, there were 9.62 million contracts of open interest.
Please describe how you compute contract volume.	It is the dollar value of each contract multiplied by the number of contracts traded.

Trading Features	
Is trading conducted electronically or by open outcry?	Both.
Are prices disseminated in real-time? If so, how?	Yes. The exchanges' electronic systems disseminate prices in real-time, and communications service companies disseminate real-time prices for others that are not members of the exchange.
How frequently do you match trades?	Not applicable.
Is dual trading permitted?	Not applicable.
What surveillance programs are used?	In house systems.
Risk Management/Clearing	
Do exchanges have clearing houses?	Yes.
Who owns the clearing house? Is the clearing house affiliated or separate?	BM&F: The clearing house is a department of the Futures Exchange. Bovespa: CBLC, separate from the exchange. BVRJ: CLC, separate from the exchange.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+3.
Is margin required?	Yes.
Who sets the margin levels?	The clearing houses.
Is margin calculated on a gross or net basis?	Generally on a gross basis; some special strategies are calculated on a net basis.
How frequently are positions marked to market? How often are gains/losses settled?	Marked-to-market on a daily basis; settlement on T+1.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	Guaranty funds, the clearing members' net worth and, ultimately, the exchange's net worth
How does the clearing house allocate losses in the event of a clearing member default?	Guaranty fund, composed by members' contributions.
Can customer positions be transferred in the event of default?	N/a
Are emergency rules in place? If so, please specify.	Circuit breakers and price limits only.
General	
Are exchange rules available on the Internet?	Yes.
E-mail contact information.	São Paulo Stock Exchange: < bovespa@bovespa.com.br >. Rio de Janeiro Stock Exchange: < bvrj@bvrj.com.br >. BM&F: < webmaster@bmf.com.br >.

Web site address(es).	<p>São Paulo Stock Exchange: <www.bovespa.com.br>.</p> <p>Rio de Janeiro Stock Exchange: <www.bvri.com.br>.</p> <p>BM&F: <www.bmf.com.br>.</p>
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Chile

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1998 GDP (US\$)	\$72,948,977,818
1998 GDP Percentage Increase (US\$)	(3.7%)
1998 GDP per capita (US\$)	\$4,921.76
1998 Consumer Price Index Increase	4.7%
1998 Balance of Trade Surplus (Deficit)	(\$2,495,500,000)
1998 Total External Debt	\$31,546,000,000
Total External Debt/GDP	43.24%
Market Data	
1998 Stock market capitalization (US\$)	\$51,697,000,000
1998 Stock market capitalization/GDP	71.22%
1998 Government Debt Market	\$5,697,000,000
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	90 day: 8.0% 8 year: 7.22% 10 year: 7.19%
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	90 day: 2.62% 8 year: 0.536% 10 year: 0.528%
Annualized Volatility (%) for a Broad Index of Equities	Not applicable.
General Data	
Currency	Peso.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Actual Range of Exchange Rate from 6/30/97 to 6/30/98?	411.65 – 469.5
Sovereign Debt Rating	Baa1/A-
1997 Population	14,821,714
Major Sectors (Agriculture, Mining, Industry)	Copper mining, wood products, fish processing, fruit, wine, and agriculture.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	Securities Law No. 18,045.
Principal securities law.	Securities Law No. 18,045.
Futures regulatory authority.	Superintendencia de Valores y Seguros (SVS).
Securities regulatory authority.	SVS.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	Yes, by presenting internal rules which must be authorized by the SVS.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes. The SVS approves the contract through the approval of the internal rules of the exchanges.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Market participants must periodically report the volume and value of transactions as well as the names of those with access to inside information. Brokers and exchanges must provide daily information about all trading to the authorities.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes. Price limit fluctuations are set at $\pm 10\%$ for stocks which are represented via ADR in the U.S. market, and 20% for all other stocks. Price limits also apply to futures contracts.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others (specify)?	Yes, by the SVS and by external auditors on a yearly basis.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	Yes, by the SVS and the exchanges (minimum capital requirements and guarantees).
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	Intermediaries must maintain customers' custody records, daily operation records, client order forms, and customer forms with clients' personal information. Exchanges must maintain brokers' custody records.
Are there sales practice/conduct of business standards for brokers? Others (specify)?	The internal rules of the exchanges give the framework for the practices and conduct standards.
Are there minimum capital requirements for brokers? For others (specify)?	Exchanges: \$1,000,000. Clearing houses: \$500,000. Brokers: \$200,000.

Are brokers audited by regulators? By others (specify)?	Yes, by the SVS, the exchanges, and external auditors, on a yearly basis.
Are there segregation requirements for customer funds? If so, please describe.	Customer funds must be registered under separate and different accounts.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	There are three types of customer compensation: (i) net capital requirements, (ii) compulsory insurance by the broker, and (iii) a guaranty which includes a percentage of the total transaction.
Are there custody requirements for customer funds? If so, please describe.	The Santiago Stock Exchange requires all instruments to be held in a depository trust, which is a regulated entity.
Are there dispute resolution procedures? If so, please describe.	The dispute resolution procedures are those that appear in the internal rules of the Santiago Stock Exchange.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Only private pension funds need approval from the Risk Rating Commission when investing in a foreign market. Conditions also apply to open and closed-end funds.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	No.
Are there restrictions on repatriation of funds? If so, please describe.	Yes. Funds designated as Foreign Capital Investment Funds cannot be repatriated for 5 years. Other foreign investment funds cannot be repatriated for 1 year. Tax treatment and other policies vary by investor category. After paying taxes, profits may be repatriated at any time.
Is there a double taxation treaty?	Yes.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	This is currently under study.
Insolvency	
What insolvency provisions apply to futures markets?	There are no insolvency provisions per se. However, the clearing house relies on a contingency fund.

Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	SVS, through administrative and civil sanctions. If an action deserves a criminal punishment, the case must be discussed in the court system.
General	
Memberships in international organizations (<i>e.g.</i> , IOSCO)? Please specify.	IOSCO, APEC, Association of Superintendents of Insurance of Latin America, COSRA, Inter-American Development Bank, International Association of Insurance Supervisors, IMF, World Bank.
E-mail contact information.	SVS: < svalseg@ibm.net >.
Web site address(es).	SVS: < www.finanzas.cl/vys >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	Santiago Stock Exchange (SSE).
Who owns the exchange (members, government, other)?	Members.
For each exchange, list contract types traded.	Futures: stock index (IPSA), U.S. dollar futures contracts and interest rate futures contracts. Options: shares.
Do you have a stock index? If so, please specify.	IPSA (40 most traded stocks), IGPA (all traded stocks), and INTER-10 (10 most traded stocks that have ADRs in the U.S. market).
Do stock index futures exist? If so, please specify.	IPSA futures.
What was the average daily volume in futures contract trading at year-end 1997?	0.00 (futures contracts will be re-launched soon, early-1999).
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	0.00.
What was the level of open interest in futures contracts at year-end 1997?	0.00.
Please describe how you compute contract volume.	Not applicable.
Trading Features	
Is trading conducted electronically or by open outcry?	Open outcry: shares. Electronically: shares, fixed interest rate instruments and derivatives.
Are prices disseminated in real-time? If so, how?	Yes, through the SSE's computer system.
How frequently do you match trades?	Trades are matched daily.
Is dual trading permitted?	Yes.
What surveillance programs are used?	Internal procedures of the SSE.
Risk Management/Clearing	
Do exchanges have clearing houses?	Yes.
Who owns the clearing house? Is the clearing house affiliated or separate?	The SSE owns the clearing house through its members.
What is the settlement time frame (<i>e.g.</i> , T+ ₋)?	Futures: T+1. Options (margins): T+1; options (at the delivery day): T+2.
Is margin required?	Yes.

Who sets the margin levels?	The SSE through its internal rules (approved by the SVS).
Is margin calculated on a gross or net basis?	Net basis.
How frequently are positions marked to market? How often are gains/losses settled?	Daily/Daily.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	Minimum capital requirements, compulsory insurance, and a contingency fund created from a percentage of profits.
How does the clearing house allocate losses in the event of a clearing member default?	<p>Losses are allocated in the following order as needed:</p> <ol style="list-style-type: none"> 1. The clearing house executes the guaranties deposited by the broker for each operation carried out; 2. It then uses the guaranty that the broker deposited to participate in the derivatives market; 3. It liquidates the patrimony of the broker; and 4. It uses the legal guaranty that its members have to deposit to become a broker.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	By the end of 1999, these will be in place as part of the re-launching plan.
General	
Are exchange rules available on the Internet?	No.
E-mail contact information.	SSE: < estudios@comercio.bolsantiago.cl >.
Web site address(es).	SSE: < www.bolsantiago.cl >.

Peru

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1998 GDP (US\$)	\$63,018,000,000
1998 GDP Percentage Increase (Nuevos Soles)	.7% ¹
1998 GDP per capita (US\$)	\$2,541
1998 Consumer Price Index Increase	6.01%
1998 Balance of Trade Surplus (Deficit)	(\$3,789,000,000)
1998 Total External Debt	\$30,013,000,000
Total External Debt/GDP	47.6%
Market Data	
1998 Stock market capitalization (US\$)	\$11,035,000,000
1998 Stock market capitalization/GDP	17.5%
1998 Government Debt Market	Not applicable.
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	Not applicable.
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	Not applicable.
Annualized Volatility (%) for a Broad Index of Equities	1.20% (Indice General de la Bolsa de Valores de Lima (IGBVL)) ²
General Data	
Currency	Nuevos Soles.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	No.
Actual Range of Exchange Rate from 6/30/97 to 6/30/98?	2.648 – 2.941
Sovereign Debt Rating	Ba3/BB
1998 Population	24,785,600 (estimate)
Major Sectors (Agriculture, Mining, Industry)	Manufacturing, Commerce, Agriculture and Farming, Mining.

¹ In real terms.

² Standard deviation of the historical daily change in the IGBVL for 1997.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	None.
Principal securities law.	Securities Market Law (Ley del Mercado de Valores), Legislative Decree No. 861.
Futures regulatory authority.	CONASEV (Securities and Corporations Oversight Commission).
Securities regulatory authority.	CONASEV.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	The exchanges and the clearing houses regulate their own activities, including the rights and obligations of intermediaries and issues, the registry, suspension and exclusion of securities, and resolution procedures for disputes between intermediaries and investors. The exchange is authorized to impose sanctions.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	The exchange registers securities and excludes them from trading. The issuers must offer truthful, accurate, and timely information about listed securities, about the financial condition and other material facts regarding issuers, as well as information on brokerage firms and securities trades. The exchange publishes and certifies quotations for securities. They are required to have a registry of any complaints filed against brokerage firms, their attorneys-in-fact, traders, and any other representatives, as well as any penalties which may have been applied to them by securities exchanges or CONASEV.
Do price limits and circuit breakers exist? If so, at what levels are they set?	In a trading session, quotations cannot exceed 10% of the closing price of the last day. The trade session director can provide, in exceptional conditions, that the margin rises up to 20%, but he must inform the Commission. The director is responsible for the decision. In addition, when accidental factors generate a sudden instability in a certain security or the whole market, the market director may suspend the trading of the

	security or suspend all trading for one session, giving complete information to the market in general.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others (specify)?	The exchange must file its audited financial statements with the Commission once a year, and its unaudited statements quarterly. The Commission may have access to any information pursuant to an investigation.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	There are both organization and functioning requirements for intermediaries, fund managers, investment trusts, exchanges, and clearing houses.
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	<p>Intermediation agents must file audited financial information and an annual report with CONASEV. They must keep records of their operations, the accounts they manage that belong to investors, managers, directors, and employees, securities in transit, entries and disbursements, loaned securities and money, securities not yet received, covered and not covered positions, and traded options.</p> <p>The agents keep accounting, contracts and commission books, holders and board of directors meeting books, and books of registration and transfer of securities. Intermediation agents must keep a file for each investor containing the customer's registration form, order registration forms, realized transactions policies (which must be sent within two days to the investors), statements of account sent to clients, copies of proxies registered with the public registry, copies of the respective agreements in case of proxies given by companies, loan agreements, managed portfolios, and the contracts of custody of options and futures. They must also keep a registry of investors' complaints. The records must be kept for at least 5 years.</p>
Are there sales practice/conduct of business standards for brokers? Others (specify)?	Intermediaries must comply with the conduct standards established by rules, which include matters such as competition, conflicts of

	interest, duties of diligence and loyalty, providing information for clients, and complying with regulations.
Are there minimum capital requirements for brokers? For others (specify)?	The minimum capital required for a brokerage firm is S/. 750,000, and S/. 500,000 for an intermediation firm, fully subscribed and paid-in in cash. This capital is increased according to the prevailing inflation rate. In addition, there are margins for capital adequacy and the liquidity and solvency of intermediaries.
Are brokers audited by regulators? By others (specify)?	The mentioned firms must present financial information quarterly and audited financial information annually. The Commission can conduct inspections and auditing pursuant to an investigation.
Are there segregation requirements for customer funds? If so, please describe.	Segregation is required for paid securities in case of portfolio management by intermediaries.
Are there other customer compensation or “insurance” arrangements? If so, please describe.	The exchange has a guarantee fund that is executed in case of contravention of the rules or of the investors’ orders. The clearing house will set in the future a guarantee fund to be used in case of failures. In addition, there is a guarantee that the intermediation agents must set aside funds for over-the-counter trades. This guarantee may consist of a bank deposit to the order of the Commission, a bank letter of guarantee in favor of the Commission, or a surety bond issued by an insurance company in favor of the Commission.
Are there custody requirements for customer funds? If so, please describe.	There are requirements for custody of customer funds in case of portfolio management by intermediaries. In other cases, intermediation agents can give the service of custody by themselves or by arrangements with another company. In both cases, funds must be given back whenever the investor asks for them. They cannot be used for other purposes without permission.
Are there dispute resolution procedures? If so, please describe.	There are conciliation procedures inside the exchange, before any other recourse, for all complaints. There are administrative dispute resolution procedures and arbitration procedures inside the exchange, to solve

	conflicts between the intermediation agents and investors, or between agents. There is an administrative disciplinary procedure for intermediation agents. The mentioned administrative procedures can be brought to the Commission if they persist and, after that, to the civil judicial courts. Arbitration and judicial procedures are also alternatives to the administrative procedures.
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	No. But there exist limitations in terms of the kind of foreign securities that domestic institutional investors may buy.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Derivatives are not traded.
Are there restrictions on repatriation of funds? If so, please describe.	There are no restrictions.
Is there a double taxation treaty?	There are treaties with Bolivia, Columbia, Chile, Ecuador, and Sweden.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	No.
Taxation	
How are gains on derivatives products taxed?	Although derivatives are not being traded, capital gains coming from securities and derivatives trading are taxed with the income tax of the third category, equivalent to 30%, with the exception of capital gains coming from trading in the exchange, which are not taxed.
Insolvency	
What insolvency provisions apply to futures markets?	There are no centralized mechanisms that trade futures.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	CONASEV, the exchange, and the civil and criminal courts.
General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	CONASEV is a member of IOSCO and COSRA.

E-mail contact information.	CONASEV: < postmast@conasevenet.gob.pe > or < rivero@conasevnet.gov.pe >.
Web site address(es).	CONASEV: < www.conasevenet.gov.pe >.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	There are no exchanges that trade derivatives.
Who owns the exchange (members, government, other)?	The intermediation agents own the Lima Stock Exchange. The Commodities Exchange is owned by its members: intermediaries, warehouses, and banks.
For each exchange, list contract types traded.	The Lima Stock Exchange trades equity, bonds, and short-term instruments. The Commodities Exchange trades agricultural, farming, fishing, mining, and industrial commodities.
Do you have a stock index? If so, please specify.	The Lima Stock Exchange has two stock indexes, the IGBVL (Índice General de la Bolsa de Valores de Lima), which is a general index, and the ISBVL (Índice Selectivo de la Bolsa de Valores de Lima), which includes only blue chip stocks.
Do stock index futures exist? If so, please specify.	Futures are not traded.
What was the average daily volume in futures contract trading at year-end 1997?	Futures are not traded.
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	Futures are not traded.
What was the level of open interest in futures contracts at year-end 1997?	Futures are not traded.
Please describe how you compute contract volume.	Price multiplied by quantity.
Trading Features	
Is trading conducted electronically or by open outcry?	Electronically.
Are prices disseminated in real-time? If so, how?	Yes, by means of the electronic trading system. The exchange also has a broadcasting system and a web site. The web site is delayed approximately 20 minutes.
How frequently do you match trades?	It can be done instantly.
Is dual trading permitted?	Yes.
What surveillance programs are used?	The trading session director and the observer of the session have the task of detecting

	abnormal situations. Also, electronic alarms are used in the exchange.
Risk Management/Clearing	
Do exchanges have clearing houses?	The Lima Stock Exchange interacts with one clearing house, Cavali, S.A.
Who owns the clearing house? Is the clearing house affiliated or separate?	Cavali, S.A. is owned by the Lima Stock Exchange, intermediation agents, banks, and insurance companies. Cavali, S.A. is a separate firm.
What is the settlement time frame (<i>e.g.</i> , T+ <u> </u>)?	T+3.
Is margin required?	Yes, for “report” and fixed-term transactions.
Who sets the margin levels?	The exchange.
Is margin calculated on a gross or net basis?	Gross.
How frequently are positions marked to market? How often are gains/losses settled?	Daily. Gains and losses are settled every 2 days.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	The Securities Market Law established a fund for clearing houses in case of failure, although it is still not implemented.
How does the clearing house allocate losses in the event of a clearing member default?	The clearing house does not allocate losses.
Can customer positions be transferred in the event of default?	Yes.
Are emergency rules in place? If so, please specify.	No.
General	
Are exchange rules available on the Internet?	Yes (CONASEV and Lima Stock Exchange web sites).
E-mail contact information.	Lima Stock Exchange: < pparodi@bvl.com.pe >.
Web site address(es).	Lima Stock Exchange: < www.bvl.com.pe >. Cavali, S.A. Clearing house: < www.cavali.com.pe >.

Venezuela

GENERAL AND ECONOMIC DATA	
Macroeconomic Data	
1998 GDP (US\$)	\$94,566,160,000 \$1,081,200,000 (1984 prices)
1998 GDP Percentage Increase (Bolívar)	(0.70%)
1998 GDP per capita (US\$)	\$4,076.13
1998 Consumer Price Index Increase	29.9%
1998 Balance of Trade Surplus/Deficit	\$3,431,000,000
1998 Total External Debt	\$23,174,710,000
Total External Debt/GDP	\$24.51%
Market Data	
1998 Stock market capitalization (US\$)	\$7,784,330,000
1998 Stock market capitalization/GDP	8.23%
1998 Government Debt Market	\$1,812,500,000
Yield to Maturity (%) of 1/5/10 year Government Debt Instruments as of 6/30/98	1 year: 50.35% 5 years: 56.20% 10 years: 54.48%
Annualized Volatility (%) for 1/5/10 year Government Debt Instruments as of 6/30/98	1 year: 7.35% 5 years: 8.18% 10 years: 4.27%
Annualized Volatility (%) for a Broad Index of Equities	1,678.00%
General Data	
Currency	Bolívar.
Is currency pegged to US dollar? If so, what is the currency floor? The cap?	Yes. The actual currency band is between $\pm 7.5\%$ the "initial central currency," which was 508.50 (January 1998). The "initial central currency" is adjusted 1.28% monthly.
Actual Range of Exchange Rate from 1/1/98 to 1/1/98?	510.00 – 571.50
Sovereign Debt Rating	B2/B
1997 Population	23,200,000
Major Sectors (Agriculture, Mining, Industry)	Petroleum, Minerals, Manufacturing, Agriculture.

REGULATORY DATA	
Regulatory Framework	
Principal derivatives law.	Ley de Mercado de Capitales, GO N° 36.565 dated October 22, 1998.
Principal securities law.	Ley de Mercado de Capitales.
Futures regulatory authority.	Comisión Nacional de Valores (CNV).
Securities regulatory authority.	CNV.
Do self-regulatory organizations (SROs) supplement governmental regulation? How?	No.
Regulation of Exchanges	
Must exchanges/contracts be authorized by the authorities prior to the start of trading?	Yes.
What trade and other information reporting/dissemination and recordkeeping requirements apply to exchanges?	Daily reporting of volume in terms of units and currency. Trade limits usage.
Do price limits and circuit breakers exist? If so, at what levels are they set?	Yes, price movements of 10% of trading price at anytime.
Are there special requirements for electronic trading systems? If so, please specify.	No.
Are exchanges audited by regulators? By others (specify)?	Yes. The CNV supervises, inspects and sets required information. Exchanges are audited by auditing firms.
Regulation of Financial Service Providers	
Are there licensing/authorization requirements for brokers? For others (specify)?	Yes, and for dealers, too.
What reporting/recordkeeping requirements apply to market participants (traders/brokers)?	Monthly financial statements. Starting in May 1999, broker-dealers will have to file monthly reports on solvency indexes based on "Basilea."
Are there sales practice/conduct of business standards for brokers? Others (specify)?	Not at present.
Are there minimum capital requirements for brokers? For others (specify)?	N/a
Are brokers audited by regulators? By others (specify)?	Yes, and by auditing firms.
Are there segregation requirements for customer funds? If so, please describe.	Yes. Broker-dealers must separate and report their own firm's funds and customers' funds.

Are there other customer compensation or “insurance” arrangements? If so, please describe.	These exist only for transactions made at the exchange house.
Are there custody requirements for customer funds? If so, please describe.	Yes. Norms regulating custody services and investment managed funds are presently under review.
Are there dispute resolution procedures? If so, please describe.	N/a
Access to Foreign Markets	
Must foreign markets be approved for use by domestic investors? If so, by whom?	Yes, by Ley de Entidades de Inversión Colectiva.
Foreign Access to Markets	
Are there limits on foreign investments in derivatives? If so, please describe.	Not at present. A derivatives market is at an early stage of development.
Are there restrictions on repatriation of funds? If so, please describe.	No.
Is there a double taxation treaty?	Unofficially.
Are there special dispute resolution procedures for foreign market users? If so, please describe.	Not at present.
Taxation	
How are gains on derivatives products taxed?	Derivatives products do not exist for tax purposes.
Insolvency	
What insolvency provisions apply to futures markets?	Not at present. It is being slowly developed.
Enforcement	
What authority is responsible for punishing violations of exchange rules, the law, or regulations governing derivatives? Fraud?	The exchange internal rules and the Ley de Mercado de Capitales.
General	
Memberships in international organizations (e.g., IOSCO)? Please specify.	IOSCO.
E-mail contact information.	CNV: < pcnv@ven.net >.
Web site address(es).	No.

EXCHANGE DATA	
Exchanges/Contracts Traded	
List derivatives exchanges.	Camara de Compensación de Opciones y Futuros (CACOF). It is suspended due to lack of interested investors.
Who owns the exchange (members, government, other)?	Private ownership.
For each exchange, list contract types traded.	Stock index rate, Bs/\$ rate, Bs Interest rate and two stock futures.
Do you have a stock index? If so, please specify.	It was being developed when the exchange closed-down.
Do stock index futures exist? If so, please specify.	See above.
What was the average daily volume in futures contract trading at year-end 1997?	Too small to mention.
What was the annual futures contract trading volume for 1997 (number of contracts/contracts' value)?	See above.
What was the level of open interest in futures contracts at year-end 1997?	See above.
Please describe how you compute contract volume.	In real-time.
Trading Features	
Is trading conducted electronically or by open outcry?	Trading was conducted electronically.
Are prices disseminated in real-time? If so, how?	Yes. Prices were disseminated in real-time through a computer system.
How frequently do you match trades?	N/a
Is dual trading permitted?	It was permitted.
What surveillance programs are used?	Daily through a computer terminal.
Risk Management/Clearing	
Do exchanges have clearing houses?	Yes.
Who owns the clearing house? Is the clearing house affiliated or separate?	It was separate.
What is the settlement time frame (e.g., T+_)?	It depends on the type of contract: 30, 60, 90 days, up to 360 days.
Is margin required?	Yes.
Who sets the margin levels?	The exchange fixed the margins with the new Securities Markets Law, the Comisión Nacional de Valores would settle the margins.

Is margin calculated on a gross or net basis?	N/a
How frequently are positions marked to market? How often are gains/losses settled?	Daily.
What kind of financial backing exists for brokers/clearing members/clearing houses in case of failure?	Bank guarantees.
How does the clearing house allocate losses in the event of a clearing member default?	In the event a clearing member defaulted, an agreement existed to distribute losses in three years.
Can customer positions be transferred in the event of default?	When the exchange closed, the losses were to be settled among the parties.
Are emergency rules in place? If so, please specify.	N/a
General	
Are exchange rules available on the Internet?	Not at present.
E-mail contact information.	CNV: < pcnv@ven.net >.
Web site address(es).	Not yet available.

